

Sabine Parish Communication District**FINANCIAL REPORT****YEAR ENDED JUNE 30, 2007**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11/21/07



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Eugene W. Fremaux II

Certified Public Accountant

SABINE PARISH COMMUNICATIONS DISTRICT
MANY, LOUISIANA
JUNE 30, 2007

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INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
Sabine Parish Communications
District
Many, Louisiana

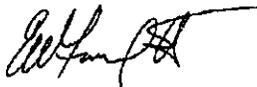
I have audited the accompanying basic financial statements of the Sabine Parish Communications District, a component unit of the Sabine Parish Police Jury, State of Louisiana, as of June 30, 2007 and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the Sabine Parish Communications District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards for financial and compliance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the basic financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Sabine Parish Communications District, as of June 30, 2007, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and the other required supplementary information on pages 2 through 3, and page 15, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, I have also issued a report dated November 7, 2007 on my consideration of Sabine Parish Communications District's internal control over financial reporting and my tests on its compliance with certain provision of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of my testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of my audit.



EUGENE W. FREMAUX II, CPA
November 7, 2007

SABINE PARISH COMMUNICATIONS DISTRICT
MANY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007

This section of the District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2007. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- ▶ The District's net assets increased \$90,020 during the year. The majority of the increase in net assets is in cash, which is being accumulated in anticipation of capital asset expenditures required in the future for implementation of Phase Two of E911 wireless services.
- ▶ Net assets increased because of excess revenues over operating expenses.
- ▶ Expenses for the year amounted to \$173,753, an increase of \$4,236.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts:

- ▶ Management's discussion and analysis
- ▶ Basic financial statements
- ▶ Supplementary information

The basic financial statements include two kinds of statements that present different views of the District:

- ▶ The first two statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.
- ▶ The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail than the government-wide statements. The District has only one fund, the general fund.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Condensed Statement of Net Assets

	June 30, 2007	June 30, 2006
Current assets	\$381,401	\$304,617
Capital assets, net	<u>42,098</u>	<u>15,793</u>
Total assets	<u>\$423,499</u>	<u>\$320,410</u>
Current liabilities	<u>\$ 18,175</u>	<u>\$ 5,106</u>
Net assets:		
Invested in capital assets	42,098	15,793
Unrestricted	<u>363,226</u>	<u>299,511</u>
Total net assets	<u>405,324</u>	<u>315,304</u>
Total liabilities & net assets	<u>\$423,499</u>	<u>\$320,410</u>

The District's net assets increased \$90,020 during the year. The majority of the increase is in cash, which is being accumulated in

SABINE PARISH COMMUNICATIONS DISTRICT
MANY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007

anticipation of capital asset expenditures required in the future for implementation of Phase Two of E911 wireless services.

Condensed Statement of Activities

	<u>Year ended</u>	
	June 30, 2007	June 30, 2006
Expenses	\$(173,753)	\$(169,517)
Program revenues	<u>248,385</u>	<u>239,194</u>
Subtotal	74,632	69,677
General revenues	<u>15,388</u>	<u>4,351</u>
Change in net assets	<u>\$ 90,020</u>	<u>\$ 74,028</u>

Revenues increased by \$20,228 to \$263,773, primarily due to continued growth in wireless fees and increased interest income.

FINANCIAL ANALYSIS OF THE FUNDS

The District's governmental fund balance increased by \$63,715 during the year. Revenues increased by \$20,228 to \$263,773, primarily due to continued growth in wireless fees and increased interest income. Expenses increased by approximately \$32,577 primarily related to additional capital outlay expenditures. Capital expenditures are expensed in the general fund financial statements, but are capitalized and depreciated in the government-wide financial statements.

CAPITAL ASSETS

	June 30, 2007	June 30, 2006
Capital assets (net)	<u>\$42,098</u>	<u>\$15,793</u>

During 2007 the District invested \$22,471 in a vehicle and \$8,452 in mapping software, and retired a vehicle with a cost of \$10,000. The 2007 budget was amended by adding \$24,828 for capital expenditures.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District is dependent on E911 fees from telephone customers and \$10 permit fees to obtain electric service for approximately 99 percent of its revenues. The District does not expect any significant growth in these revenues for next year. The budget for operating expenses for next year reflects an increase of approximately \$60,000 due primarily due to anticipated costs to implement Phase Two of wireless E911 services.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. P. M. Woods, Chairman, P O Box 550, Many, LA 71449.

SABINE PARISH COMMUNICATIONS DISTRICT
MANY, LOUISIANA
STATEMENT OF NET ASSETS

JUNE 30, 2007

ASSETS

Cash	\$174,347
Certificates of deposit	171,694
Receivables	34,277
Prepays	1,083
Capital assets, net of accumulated depreciation	<u>42,098</u>
TOTAL ASSETS	<u>423,499</u>

LIABILITIES

Accounts payable	<u>18,175</u>
TOTAL LIABILITIES	<u>18,175</u>

NET ASSETS

Invested in capital assets	42,098
Unrestricted	<u>363,226</u>
TOTAL NET ASSETS	<u><u>\$405,324</u></u>

The accompanying notes are an integral part of these statements.

SABINE PARISH COMMUNICATIONS DISTRICT
MANY, LOUISIANA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and changes in Net assets Governmental Unit
<u>FUNCTIONS/PROGRAMS</u>			
Governmental activities:			
General government	\$173,753	\$248,385	\$74,632
Total governmental activities	173,753	248,385	74,632
General revenues:			
Interest			14,718
Miscellaneous			670
Total general revenues			15,388
Change in net assets			90,020
Net assets, beginning of year			315,304
Net assets, end of year			\$405,324

The accompanying notes are an integral part of these statements.

SABINE PARISH COMMUNICATIONS DISTRICT
MANY, LOUISIANA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2007

ASSETS	
Cash	\$174,347
Certificates of deposit	171,694
Receivables	34,277
Prepaid insurance	<u>1,083</u>
Total assets	<u>\$381,401</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	<u>\$18,175</u>
Total liabilities	<u>18,175</u>
Fund balance - unreserved	<u>363,226</u>
Total liabilities and fund balance	<u>\$381,401</u>

The accompanying notes are an integral part of these statements.

SABINE PARISH COMMUNICATIONS DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS

JUNE 30, 2007

Total fund balances - Governmental Funds		\$363,226
Cost of capital assets at June 30, 2007	123,248	
Less accumulated depreciation at June 30, 2007	<u>(81,150)</u>	<u>42,098</u>
Total net assets at June 30, 2007 - Governmental Activities		<u>\$405,324</u>

The accompanying notes are an integral part of these statements.

SABINE PARISH COMMUNICATIONS DISTRICT
MANY, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND
GENERAL FUND
Year ended June 30, 2007

Revenues:	
911 user fees:	
Land lines	\$106,416
Wireless	122,866
Permit fees	19,103
Miscellaneous income	670
Interest income	14,718
	<hr/>
Total revenues	263,773
Expenditures:	
General government:	
Personnel costs	103,452
Telephone equipment rental and service	50,892
Insurance	1,321
Automobile expense	868
Telephone	1,128
Collection fees	2,293
Supplies	4,790
Other costs	4,121
	<hr/>
Total general government	168,865
Capital outlay	31,193
	<hr/>
Total expenditures	200,058
Excess (deficiency) of revenues over expenditures	63,715
Fund balance, beginning of year	<hr/> 299,511
Fund balance, end of year	<hr/> <hr/> \$363,226

The accompanying notes are an integral part of these statements.

SABINE PARISH COMMUNICATIONS DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

JUNE 30, 2007

Excess of revenues over expenditures		\$63,715
Capital assets:		
Capital outlay capitalized	30,923	
Depreciation expense for year ended June 30, 2007	<u>(4,618)</u>	<u>26,305</u>
Change in net assets - Governmental Activities		<u><u>\$90,020</u></u>

The accompanying notes are an integral part of these statements.

SABINE PARISH COMMUNICATIONS DISTRICT
MANY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

(1) Summary of significant accounting policies

The Sabine Parish Communications District, Many, Louisiana, was created on June 19, 1991 by an ordinance of the Sabine Parish Police Jury to provide an Enhanced Emergency 911 Service for Sabine Parish. The District is a political subdivision of the Sabine Parish Police Jury, whose jurors are elected officials. The District's Board members are appointed by the Sabine Parish Police Jury. The accounting and reporting practices of the Sabine Parish Communications District conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

This financial report has been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. The following is a summary of the District's significant policies:

A. Reporting Entity

This report includes all funds which are controlled by or dependent on the Board of Commissioners of the Sabine Parish Communications District. Control by or dependence on the District was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility. Based on this criteria, there is no other governmental body that should be included in these statements. The accompanying financial statements consist only of the funds of the Sabine Parish Communications District and do not present information on the Sabine Parish Police Jury. The District is considered to be a component unit of the Sabine Parish Policy Jury.

B. Fund Accounting

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of the general fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The funds are grouped in this report into one generic fund type and one broad fund category as follows:

Governmental Fund Type:

General Fund - The general fund is the general operating fund of the District. It is used to account for all financial resources of the District.

C. Basis of Accounting

Government wide financial statements

The government wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Program revenues included in the Statement of Activities derive directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the District's general revenues.

Fund financial statements

The general fund is accounted for using the modified accrual basis of accounting. Revenues are recognized when they become available as net current assets. Tariff fees, intergovernmental revenues, and interest are accrued when their receipt occurs soon enough after the end of the accounting period to be both measurable and available.

SABINE PARISH COMMUNICATIONS DISTRICT
MANY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

(1) Summary of significant account policies (continued)

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

D. Budget Practices

The District prepares and adopts an annual budget, the dollar amounts being allocated to the various expenditure categories based upon the total amount of anticipated revenues. All expenditures in excess of budgeted amounts were approved by the District's Board, even though never formally incorporated in the budget by amendment. Budget appropriations lapse at the end of each year.

E. Capital Assets

All capital assets are capitalized at historical cost. The District maintains a threshold level of \$1,500 or more for capitalizing capital assets. Capital assets are recorded in the basic financial statements, but are not reported in the fund financial statements. All capital assets are depreciated using the straight-line method over their estimated useful lives, which vary from 3 to 15 years.

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(2) Pending litigation

The Sabine Parish Communications District is not involved in any litigation at June 30, 2007.

(3) 911 user fees

The District is authorized to levy and collect a fee based on telephone tariffs in Sabine Parish to provide funding. The District has entered into agreements with various telephone companies to collect a 5% fee beginning January 1, 1992. The telephone companies charge the District a 1% fee for this collection service.

Act 1029 of 1999 authorizes the District to levy an emergency telephone service charge on certain wireless communication systems to pay the costs of implementing FCC ordered enhancements to E911 systems. Beginning July 1, 2002 the District has levied a 85 cents per month fee on wireless customers to fund future implementation of wireless E911 service. \$122,866 of wireless fees were collected in the year ended June 30, 2007. As of June 30, 2007 capital costs of \$12,507 have been incurred (in 2004) in implementation of Phase One wireless E911 service, and capital costs of \$8,452 have been incurred (in 2007) in implementation of Phase Two. Phase Two implementation is presently expected to be completed by June 30, 2008. As of November 7, 2007 the District has outstanding commitments of \$50,278 for capital costs relating to Phase Two implementation.

Beginning June 1, 1999, the District began to collect a \$10 permit fee for all 911 permits issued.

(4) Personnel costs

The District's employees are paid by the Sabine Parish Sheriff and the Sheriff is reimbursed by the District for the related payroll costs, including payroll taxes and medical insurance.

SABINE PARISH COMMUNICATIONS DISTRICT
MANY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

(5) Facility costs

The District's office is located in the Sabine Parish Courthouse in Many, Louisiana. Expenditures for operation and maintenance of the parish courthouse, as required by Louisiana law, are paid by the Sabine Parish Police Jury.

(6) Operations

The District's 911 service became operational in October 1995.

The District operates as a political subdivision created by the Sabine Parish Police Jury, therefore it is exempt from income tax and is not required to file an annual information return.

(7) Receivables

Receivables at June 30, 2007, consisted of fees due from telephone companies in the amount of \$32,934, and interest receivable of \$1,343.

(8) Leases

On August 26, 1994 the District entered into a lease agreement with BellSouth Business Systems for \$1,530 per month for equipment and services needed to provide 911 service. The lease term was for one year, with annual renewal options. Additional agreements with BellSouth have been entered into for database maintenance and trunk lines which bring the total monthly commitment to \$3,515. In August of 2004, the District entered into a new five year lease agreement with BellSouth, which increases the monthly payment to \$4,470, subject to certain usage adjustments. Lease payments under this agreement during the year ended June 30, 2007 amounted to \$50,892.

(9) Cash

Louisiana Revised Statutes authorize the District to invest in United States bonds, treasury notes or certificates, time certificates of deposit, or any other federally insured investment. Investments are stated at cost, which approximates market value. Of the total of \$345,941 in cash deposited in demand and time deposits as of June 30, 2007, \$200,000 was secured through federal depository insurance and \$145,941 was secured by the pledge of securities owned by the depository banks. These securities are held in the name of the pledging bank in a custodial bank that is mutually acceptable to both parties. These secured bank deposits are considered uncollateralized under the provisions of GASB Statement 3; however, Louisiana Revised Statutes require the custodial bank to advertise and sell the pledged securities within ten (10) days of being notified by the Commission that the pledging bank has failed to pay deposited funds upon demand.

(10) Changes in capital assets

Capital assets and related depreciation activity for the year ended June 30, 2007 are as follows:

	Equipment	Building Improvements	Total
Cost of capital assets, beginning of year	\$ 78,520	\$23,805	\$102,325
Deletions	(10,000)	0	(10,000)
Additions	<u>30,923</u>	<u>0</u>	<u>30,923</u>
Cost of capital assets, end of year	<u>99,443</u>	<u>23,805</u>	<u>123,248</u>
Accumulated depreciation, beginning of year	72,161	14,371	86,532
Deletions	(10,000)	0	(10,000)
Additions	<u>3,031</u>	<u>1,587</u>	<u>4,618</u>

SABINE PARISH COMMUNICATIONS DISTRICT
MANY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

Accumulated depreciation, end of year	<u>65,192</u>	<u>15,958</u>	<u>81,150</u>
Capital assets, net of accumulated depreciation, end of year	<u>\$ 34,251</u>	<u>\$ 7,847</u>	<u>\$ 42,098</u>

(11) Compensation of commissioners

The commissioners received no compensation or per diem during the year ended June 30, 2007.

OTHER REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

SABINE PARISH COMMUNICATIONS DISTRICT
MANY, LOUISIANA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the year ended June 30, 2007

	Original Budget	Final Budget	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues:				
911 user fees:				
Land lines	\$108,900	\$108,900	\$106,416	(\$2,484)
Wireless	114,120	114,120	122,866	8,746
Permit fees	19,260	19,260	19,103	(157)
Miscellaneous income	9,144	9,144	670	(8,474)
Interest income	2,196	2,196	14,718	12,522
Total revenues	<u>253,620</u>	<u>253,620</u>	<u>263,773</u>	<u>10,153</u>
Expenditures:				
General government:				
Personnel costs	106,980	106,980	103,452	3,528
Telephone equipment rental and service	50,640	50,640	50,892	(252)
Insurance	1,320	1,320	1,321	(1)
Automobile expense	852	852	868	(16)
Telephone	984	984	1,128	(144)
Collection fees	0	0	2,293	(2,293)
Supplies	2,892	2,892	4,790	(1,898)
Other costs	6,504	7,788	4,121	3,667
Total general government	<u>170,172</u>	<u>171,456</u>	<u>168,865</u>	<u>2,591</u>
Capital outlay	<u>0</u>	<u>24,828</u>	<u>31,193</u>	<u>(6,365)</u>
Total expenditures	<u>170,172</u>	<u>196,284</u>	<u>200,058</u>	<u>(3,774)</u>
Excess (deficiency) of revenues over expenditures	<u>83,448</u>	<u>57,336</u>	<u>63,715</u>	<u>6,379</u>
Fund balance, beginning of year	<u>299,511</u>	<u>299,511</u>	<u>299,511</u>	<u>0</u>
Fund balance, end of year	<u>\$382,959</u>	<u>\$356,847</u>	<u>\$363,226</u>	<u>\$6,379</u>

The accompanying notes are an integral part of these statements.

SABINE PARISH COMMUNICATIONS DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007

CURRENT YEAR FINDINGS

Finding number 2007-1

On May 8, 2007 the District purchased a 2007 Trailblazer for \$23,500 without following the public bid law provisions (R.S. 38:2212.1) which require public bids for purchases of vehicles with a purchase price of \$20,000 or more.

In addition, in connection with the above purchase, the District traded in a vehicle, and therefor did not follow the law's provisions relating to the disposition of surplus property. In effect, trade in of vehicles and equipment is not allowed under Louisiana law.

Recommendation

All District Board members should review the basic provisions of the public bid law and the law governing the disposition of surplus property.

Management response

Management agrees with the above recommendation and has provided the Board members with such a review.

Finding number 2007-2

The budget for the year ended June 30, 2007 was adopted until August 22, 2006 and amended on July 10, 2007. In addition, the budget for the year ending June 30, 2008 was adopted on July 10, 2007. The budget for the year ended June 30, 2007 was not timely adopted or amended. In addition, the budget for the year ending June 30, 2008 was not timely adopted. Louisiana budget law provisions require that budgets be adopted prior to the start of the year, and be amended before the year ends.

Recommendation

The District Board members should review the basic provisions of the laws affecting budgeting.

Management response

Management agrees with the above recommendation and has provided the Board members with such a review.

PRIOR YEAR FINDINGS

There were no findings or questioned costs for the year ended June 30, 2006.

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Board of Directors
Sabine Parish Communications
District
Many, Louisiana

I have audited the basic financial statements of the Sabine Parish Communications District, Louisiana, a component unit of the Sabine Parish Police Jury, Louisiana, as of and for the year ended June 30, 2007, and have issued my report thereon dated November 7, 2007. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Sabine Parish Communications District, Louisiana's basic financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provision was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2007-01 and 2007-02.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Sabine Parish Communications District, Louisiana's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

This report is intended for the information of management, Louisiana Legislative Auditor, and the Board. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Eugene W. Fremaux II". The signature is fluid and cursive, with a prominent initial "E" and a long horizontal stroke at the end.

EUGENE W. FREMAUX II, CPA
November 7, 2007